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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

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APR 23 1992
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FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended: March 31, 1992

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 33-467

FORD BANK GROUP, INC.

(Exact name of registrant as specified in its charter)

TEXAS	75-2048486
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
P.O. Box 5240, Lubbock, Texas (Address of principal executive offices)	79417 (Zip Code)

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Q-Data Corp. - St. Petersburg, FL
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(806) 763-5993
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ____

Approximate number of shares outstanding of the registrant's common stock, as of April 17, 1992.

(Title of Class)	(Shares Outstanding)
Common Stock $.40 Par Value	3,103,591

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Part I. - Financial Information

Item 1. Financial Statements

Financial Statements are hereby incorporated by reference from the Registrant's 1992 First Quarter Financial Review made available to stockholders.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Management's discussion and Analysis of Financial Condition and Results of Operations are hereby incorporated by reference from the Registrant's 1992 First Quarter Financial Review made available to stockholders.

Part II. - Other Information

Item 1. Legal Proceedings

Not Applicable

Item 2. Changes in Securities

Not Applicable

Item 3. Defaults Upon Senior Securities

Not Applicable

Item 4. Submission of Matters to a Vote of Security Holders

Not Applicable

Item 5. Other Information

Not Applicable

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits:

Item 13.1 1992 First Quarter Financial Review

(b) Reports on Form 8-K

The Company filed a Form 8-K dated March 20, 1992 which reported under Item 2 the transaction described below.

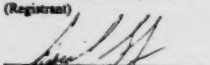
On March 20, 1992, one of the Company's subsidiaries, First National Bank at Lubbock, acquired certain assets (primarily cash equivalents and loans) and assumed certain liabilities (primarily customer deposits) of an insolvent savings association, First Federal Savings Association, Lubbock, Texas (First Federal). The transaction resulted in an increase in consolidated assets and liabilities of approximately $168 million at the date of acquisition.

The Company stated in the Form 8-K that audited financial statements of the assets acquired and liabilities assumed as required by Item 7(a) of Form 8-K and Rule 3-05 of Regulation S-X are not included on the basis that there has not been a continuation of operations of First Federal in accordance with Staff Accounting Bulletin No. 89, and that it was currently impractical to provide pro forma financial information as required by Item 7(b) of Form 8-K. However, such pro forma financial information will be furnished within sixty (60) days of the acquisition.

SIGNATURES

Pursuant to the requirement of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

FORD BANK GROUP, INC.
(Registrant)



Sr. Vice President
(Principal Financial and
Accounting Officer)

Date: April 17, 1992

Exhibit 13.1

1992 First Quarter Financial Review

To Our Stockholders

Ford Bank Group, Inc. had a successful first quarter. Net income was a record $3,533,000 or $.99 per share in the first quarter of 1992. This compares to $1,836,000 or $.52 per share for the first quarter a year-ago. Key performance measures also improved. The return on average assets was .93 percent for the current quarter, compared to .57 percent for the same period last year. The Company achieved a return on average common stockholders' equity for the first quarter of 1992 of 18.93 percent, up significantly from 11.33 percent in the same period of 1991.

Total assets of the Company ended the quarter at $1.620 billion, an increase of $386 million over the 1991 balance of $1.234 billion. Stockholders' equity grew at an annual rate of 14 percent to $88.7 million at March 31, 1992.

On March 20, 1992, one of the Company's subsidiaries, First National Bank at Lubbock, acquired certain performing loans and cash equivalents and assumed the customer deposits of First Federal Savings Association, Lubbock, Texas. The transaction increased consolidated assets by approximately $168 million at the date of acquisition. The acquisition increases the Company's market share and franchise value in the Lubbock area.

Nonperforming assets as a percentage of total loans and foreclosed real estate improved for the seventh consecutive quarter down to 5.02 percent at March 31, 1992. The allowance for loan losses is stable at 3.10 percent of period-end loans. These trends reflect the Company's continued emphasis on asset quality.

Ford Bank Group, Inc. continues to exceed Federal requirements for leverage and risk-based capital ratios. At March 31, 1992 the leverage capital and risk-based capital ratios were 5.09 percent and 13.32 percent, respectively, surpassing the required 3.00 percent and 7.25 percent, respectively.

Tom C. Nichols
President, Chief Operating Officer

FORD BANK GROUP, INC.
Consolidated Condensed Balance Sheets

Dollars in thousands, except par value	March 31, 1992	March 31, 1991	December 31, 1991
Assets			
Cash and due from banks	$ 135,537	$ 96,690	$ 161,591
Interest bearing deposits in banks	3,436	8,911	11,006
Federal funds sold and resale agreements	75,240	178,875	125,380
Securities held for resale	561	—	561
Investment securities, market value of $697,724, $380,531 and $493,899	691,712	381,355	483,633
Loans, net of unearned discount	644,720	495,811	652,981
Allowance for loan losses	(20,011)	(9,219)	(20,156)
Net loans	624,709	486,592	632,825
Premises and equipment	31,055	23,240	30,655
Intangible assets	10,203	10,922	10,232
Other real estate	20,191	21,052	22,061
Other assets	26,909	25,967	24,451
Total assets	$ 1,619,553	$ 1,233,604	$ 1,502,395
Liabilities			
Deposits:			
Non-interest bearing	$ 270,706	$ 186,755	$ 296,715
Interest bearing	1,103,999	786,356	989,621
Total deposits	1,374,705	973,111	1,286,336
Federal funds purchased and repurchase agreements	101,788	131,950	75,887
Other short-term debt	1,503	19,275	4,000
Long-term debt	38,109	32,053	38,627
Other liabilities	14,701	8,813	11,868
Total liabilities	1,530,806	1,165,202	1,416,718
Stockholders' Equity			
Non-redeemable preferred stock--$42 par value			
Authorized: 1,000,000 shares			
Issued: 511,867, 246,066 and 511,867 shares	21,498	10,335	21,498
Common stock--$.40 par value			
Authorized: 20,000,000 shares			
Issued: 3,469,275, 3,466,894 and 3,469,275 shares	1,388	1,387	1,388
Surplus	33,222	33,916	33,240
Retained earnings	37,525	27,650	34,437
Common stock held in treasury at cost: 365,684, 365,984 and 365,684 shares	(4,886)	(4,886)	(4,886)
Total stockholders' equity	88,747	68,402	85,677
Total liabilities and stockholders' equity	$ 1,619,553	$ 1,233,604	$ 1,502,395

See accompanying Notes to Consolidated Condensed Financial Statements.

FORD BANK GROUP, INC.
Consolidated Condensed Statements of Income

In thousands, except per share amounts	Three Months Ended March 31, 1992	1991
Interest Income		
Loans including fees	$ 14,366	$ 13,463
Investment securities	8,976	7,196
Other	1,770	4,218
Total interest income	25,112	24,877
Interest Expense		
Deposits	10,767	12,444
Short-term debt	1,028	2,872
Long-term debt	872	770
Total interest expense	12,667	16,086
Net Interest Income	12,445	8,791
Provision for loan losses	411	492
Net interest income after provision for loan losses	12,034	8,299
Non-Interest Income		
Trust fees	662	644
Service charges on depositor accounts	2,059	1,200
Other service charges, commissions and fees	452	530
Securities gains	1	---
Gain on the disposition of acquired assets, net	1,424	1,244
Other	206	210
Total non-interest income	4,804	3,828
Non-Interest Expense		
Employees' compensation and benefits	5,271	4,113
Furniture and equipment	500	382
Net occupancy	619	463
Taxes, other than on income	90	166
Other real estate losses and expense	303	545
Data processing fees	1,010	687
Amortization of intangible assets	269	238
Other	3,422	2,574
Total non-interest expense	11,484	9,168
Income before income taxes	5,354	2,959
Income taxes	1,821	1,123
Net income	$ 3,533	$ 1,836
Net income applicable to common shares	$ 3,088	$ 1,621
Earnings Per Common Share		
Primary	$ .99	$ .52
Fully diluted	$ .84	$ .52
Average Common Shares Outstanding		
Primary	3,104	3,133
Fully diluted	4,006	3,133

See accompanying Notes to Consolidated Condensed Financial Statements.

FORD BANK GROUP, INC.
Consolidated Condensed Statements of Cash Flows

In thousands	Three Months Ended March 31 1992	1991
Cash Flows from Operating Activities:		
Net income adjusted to net cash provided by operating activities	$ 4,515	$ 832
Cash Flows from Investing Activities:		
Net (increase) decrease in interest bearing deposits in banks	7,570	(6,861)
Proceeds from maturities and principal reductions of investment securities	52,055	28,420
Purchases of investment securities	(260,694)	(84,706)
Net decrease in Federal funds sold and resale agreements	50,140	43,385
Net decrease in loans made to customers	18,045	29,513
Proceeds from sales of loans	3,129	4,069
Purchases and improvements of premises and equipment and other real estate	(1,114)	(119)
Proceeds from sales of other real estate	1,597	1,399
Cash and cash equivalents acquired	151,912	---
Net cash provided by investing activities	22,640	15,100
Cash Flows from Financing Activities:		
Net decrease in deposits	(75,477)	(76,431)
Net increase in Federal funds purchased, repurchase agreements and other short-term borrowings	23,404	16,092
Repayment of long-term debt	(518)	(1)
Issuance of common stock	---	1
Issuance of preferred stock, net of issuance expenses	(18)	94
Sale of treasury stock	---	3
Dividends paid	(600)	(194)
Net cash used by financing activities	(53,209)	(60,436)
Net decrease in cash and cash equivalents	(26,054)	(44,504)
Cash and cash equivalents at beginning of year	161,591	141,194
Cash and Cash Equivalents at End of Period	$ 135,537	$ 96,690
Supplemental Cash Flow Information:		
Cash paid for interest	$ 13,947	$ 15,761
Cash paid for taxes	250	—
Other real estate acquired in satisfaction of loans through foreclosure	—	675
Loans made to facilitate sales of other real estate	367	208

See accompanying Notes to Consolidated Condensed Financial Statements.

FORD BANK GROUP, INC.
Notes to Consolidated Condensed Financial Statements

Note 1: Summary of Significant Accounting Policies

In the opinion of management, the accompanying unaudited consolidated condensed financial statements reflect all adjustments (which consist of normal recurring adjustments) necessary for a fair presentation. Interim results are not necessarily indicative of results for a full year. The financial statements and notes are presented as permitted by Form 10-Q, and do not contain certain information included in the Company's annual financial statements and notes.

The consolidated condensed financial statements include the accounts of Ford Bank Group, Inc. (Parent), a multi-bank holding company, and its wholly or substantially owned subsidiaries. Significant intercompany balances and transactions have been eliminated in consolidation.

Certain 1991 data has been reclassified to conform to the 1992 presentation.

Note 2: Earnings per Common Share

Primary earnings per common share is calculated by dividing net income, adjusted for preferred stock dividends declared, by the sum of the weighted average number of shares outstanding and the number of shares of common stock which would be issued assuming exercise of stock options and warrants during each period.

Fully diluted earnings per common share is based on net income adjusted for dividends declared on nonconvertible preferred stock. The weighted average number of shares of common stock outstanding is increased by the assumed conversion of convertible preferred stock from the date of issuance and the number of shares of common stock which would be issued assuming exercise of stock options and warrants. Adjustments to net income and the weighted average number of shares of common stock outstanding are made only when such adjustments dilute earnings per common share.

The calculation of net income applicable to common stock and the weighted average shares outstanding is presented below (in thousands):

	Three Months Ended March 31,			
	1992		1991	
	Primary	Fully Diluted	Primary	Fully Diluted
Net income	$ 3,533	$ 3,533	$ 1,836	$ 1,836
Dividends on non-convertible preferred stock	(164)	(164)	(215)	(215)
Dividends on convertible preferred stock	(281)	–	–	–
Net income applicable to common stock	$ 3,088	$ 3,369	$ 1,621	$ 1,621
Common stock	3,104	3,104	3,107	3,107
Common stock equivalents:				
Stock options	–	44	26	26
convertible preferred stock (based on a conversion price of $13.00)	–	858	–	–
Weighted average shares outstanding	3,104	4,006	3,133	3,133

Note 3: Contingencies

The Company's banking subsidiaries have an investment in an affiliated limited partnership (approximately $4,200,000 at March 31, 1992) which is involved in significant litigation. The Company, including certain of its banking subsidiaries, were named as co-defendants in the litigation; however, on July 17, 1991, a Summary Judgment was granted to dismiss all claims against the Company and its banking subsidiaries. The Summary Judgment is subject to the disposition of an appeal. Additionally, the affiliated limited partnership remains a defendant in the litigation.

The Company is also a defendant in various legal actions arising in the normal course of business. Management intends to vigorously contest these suits and believes that the ultimate liability, if any, resulting from these matters will not materially affect the Company's financial position.

Note 4: Acquisition

On March 20, 1992, one of the Company's subsidiaries, First National Bank at Lubbock, acquired certain assets (primarily cash equivalents and loans) and assumed certain liabilites (primarily customer deposits) of an insolvent savings association, First Federal Savings Association, Lubbock, Texas (First Federal). The transaction resulted in an increase in consolidated assets and liabilities of approximately $168 million at the date of acquisition.

The acquisition was accounted for as a purchase with the assets and liabilities recorded at their fair market value as of the purchase date. Accordingly, the accompanying consolidated condensed financial statements include the assets acquired and liabilities assumed from First Federal at March 31, 1992 and the results of operations from March 20, 1992.

The following proforma financial information combines the historical results of the Company and First Federal as if the acquisition had occurred at the beginning of each of the periods presented. The Company has certain options subsequent to the acquisition date including: (i) The option to put back to the seller certain loans acquired, (ii) The option to purchase certain premises and equipment and, (iii) The option to change the rates paid on customer deposits. Because of the affects these options may have on the operations of First Federal , the pro forma information may not be indicative of the results that actually would have occurred if the acquisition had been effected on the dates indicated. In addition, the pro forma financial information is not necessarily indicative of results which may be obtained in the future (in thousands, except per share amounts).

	Three Months Ended March 31,	
	1992	1991
Net interest income	$ 12,848	$ 9,237
Net income	3,713	2,045
Net income applicable to common shares	3,268	1,830
Earnings per share:		
Primary	1.05	.58
Fully diluted	.89	.58

FORD BANK GROUP, INC.
Financial Highlights

Dollars in thousands, except per share amounts	1992	1991	Increase (Decrease) Amount	Percent
Earnings Summary:				
Three Months Ended March 31				
Interest income	$ 25,112	$ 24,877	$ 235	0.9
Interest expense	12,667	16,086	(3,419)	(21.3)
Net interest income	12,445	8,791	3,654	41.6
Provision for loan losses	411	492	(81)	(16.5)
Non-interest income	4,804	3,828	976	25.5
Non-interest expense	11,484	9,168	2,316	25.3
Income before income taxes	5,354	2,959	2,395	80.9
Income taxes	1,821	1,123	698	62.2
Net income	$ 3,533	$ 1,836	$ 1,697	92.4
Earnings per common share				
Primary	$ 0.99	$ 0.52	$ 0.47	90.4
Fully diluted	0.84	0.52	0.32	61.5
Key Performance Measures:				
Return on average assets	0.93%	0.57%	0.36%	63.2
Return on average common stockholders' equity	18.93%	11.33%	7.60%	67.1
Taxable-equivalent net interest margin	3.80%	3.25%	0.55%	16.9
Financial Condition:				
Daily averages for the three months ended March 31				
Total assets	$ 1,516,233	$ 1,285,754	$ 230,479	17.9
Total earning assets	1,330,085	1,121,967	208,118	18.5
Loans	629,505	505,915	123,590	24.4
Investment securities	509,449	361,106	148,343	41.1
Other earning assets	191,131	254,946	(63,815)	(25.0)
Total deposits	1,241,751	1,007,623	234,128	23.2
Stockholders' equity	86,732	67,565	19,167	28.4
At March 31				
Total assets	1,619,553	1,233,604	385,949	31.3
Total deposits	1,374,705	973,111	401,594	41.3
Long-term debt	38,109	32,053	6,056	18.9
Stockholders' equity	88,747	68,402	20,345	29.7
Book value per common share	21.67	18.73	2.94	15.7
Credit Risk Management:				
Three Months Ended March 31				
Allowance for loan losses	$ 20,011	$ 9,219	$ 10,792	117.1
As a percentage of period-end loans	3.10%	1.86%	1.24%	66.7
Net charge-offs for the three months ended March 31	$ 356	$ 152	$ 404	265.8
As a percentage of average loans	0.35%	0.12%	0.23%	194.4
Non-performing assets	$ 33,356	$ 35,110	$ (1,754)	(5.0)
As a percentage of loans and foreclosed real estate	5.02%	6.79%	(1.77)%	(26.1)
Capital Resources:				
Average stockholders' equity to average assets	5.72%	5.25%	0.47%	9.0
Tier 1 capital to risk adjusted assets	11.24%	10.01%	1.23%	12.3
Total capital to risk adjusted assets	13.32%	12.08%	1.24%	10.3
Tier 1 capital to adjusted total assets	5.09%	4.70%	0.39%	8.3

Financial Review

General Information

The Company

Ford Bank Group, Inc. (the "Company") is a multi-bank holding company headquartered in Lubbock, Texas. Formed in 1985, the Company now consists of eight banks in West and Central Texas. At March 31, 1992, the bank subsidiaries had 16 full-service banking facilities and employed 751 full-time equivalent employees. Substantially all of the Company's operating income is derived from its subsidiary banks.

Acquisitions

On March 20, 1992, one of the Company's subsidiaries, First National Bank at Lubbock (FNB-Lubbock) acquired certain assets (primarily cash equivalents and loans) and assumed certain liabilities (primarily customer deposits) of an insolvent savings association, First Federal Savings Association, Lubbock, Texas (First Federal). The transaction resulted in an increase in consolidated assets and liabilities of approximately $168 million at the date of acquisition. The acquisition was accounted for as a purchase with the assets and liabilities recorded at their fair market values as of the purchase date. Accordingly, the accompanying consolidated condensed financial statements and other financial information include the assets acquired and liabilities assumed of First Federal at March 31, 1992 and the results of operations from March 20, 1992.

On June 3, 1991 the Company acquired 80 percent of the outstanding capital stock of MBank Waco, N.A., Waco, Texas (the "Waco Bank"). The acquisition was accounted for as a purchase with the assets and liabilities recorded at their fair market values as of the purchase date. Accordingly, the accompanying consolidated condensed financial statements and other financial information include the assets and liabilities of the Waco Bank at March 31, 1992 and December 31, 1991 and the results of operations for the Waco Bank from June 3, 1991.

Results of Operations

Earnings Summary

Net income for the first quarter of 1992 improved significantly to $3,533,000 compared to $1,836,000 in the first quarter of 1991. Earnings per common share, on a primary basis, was $.98 for the first quarter of 1992 compared to $.52 for the first quarter of 1991. Key performance measures also improved in the first quarter of 1992. The return on average assets was .93 percent for the first quarter of 1992, compared with .57 percent in the same period last year. The Company achieved a return on average common stockholders' equity for the first quarter of 1992 of 18.93 percent, up from 11.33 percent in the same period last year. Key performance measures and other statistical information are summarized in Financial Highlights. The following sections provide a detailed discussion of changes in each of the major components of net income. The table on page 14 presents an analysis of the major components of net income.

Net Interest Income

The Company's major source of revenue is net interest income. Taxable-equivalent net interest income was $12,686,000 for the first quarter of 1992, up $3,583,000 or 39 percent from $9,103,000 a year-ago. The net interest margin for the current quarter was 3.80 percent compared to 3.25 percent in the same period of 1991. Average earning assets increased by $208,118,000 or 19 percent from the first quarter a year-ago. Presented on page 10 is a discussion of the increase in average earning assets. A detailed analysis of net interest income and net interest margins on a taxable-equivalent basis appears on pages 16 and 17.

In the first quarter, the earning assets mix, the relative ratio of each category of total earning assets, contributed significantly to the higher net interest margin. The percentage of average earning assets invested in loans, the highest yielding assets, increased. Additionally, there was a significant shift from lower yielding other earning assets (primarily Federal funds) to higher yielding investment securities. Presented on page 10 is a detailed discussion of average earning assets and interest bearing liabilities.

A decrease in non-performing assets also improved the net interest margin. Non-performing assets represented 2.20 percent and 2.73 percent of average total assets in the first quarter of 1992 and 1991, respectively. Additionally, non-interest bearing sources of funds, primarily non-interest bearing deposits, increased as a percentage of total sources of funds benefiting the net interest margin.

Partially offsetting these increases was a decrease in the effect of non-interest bearing sources of funds due to lower yields on earning assets in which these sources of funds were invested.

Provision for Loan Losses

The Company's provision for loan losses totaled $411,000 in the first quarter of 1992, compared to $492,000 a year-ago. Net charge-offs were only $556,000 for the current period resulting in a stable allowance for loan losses since year-end. In addition, the ratio of non-performing assets to the allowance for loan losses has improved since December 31, 1991. See page 11 for further details on the allowance for loan losses and non-performing assets, respectively.

Non-Interest Income

Non-interest income was $4,804,000 for the first quarter of 1992, an increase of $976,000 or 26 percent from $3,828,000 a year-ago. The table on page 14 provides a summary of the components of non-interest income. The Waco Bank acquisition contributed $552,000 to the increase in non-interest income.

Service charges on depositor accounts increased by $859,000 or 72 percent in the first quarter of 1992, primarily due to service charges at the Waco Bank of $429,000 in 1992. The remaining increase of $430,000 is attributable to an increased number of deposit accounts in the first quarter of 1992.

Gain on the disposition of acquired assets increased by $180,000 in the first quarter of 1992, compared to the same period of 1991. The amount of such gains will vary from period to period based on the results of loan workout arrangements completed during the period.

Non-Interest Expense

As shown on page 14, non-interest expense was $11,484,000 in the first quarter of 1992, compared to $9,168,000 for the same period a year-ago, an increase of $2,316,000 or 25 percent. Excluding non-interest expenses associated with the Waco Bank of $2,012,000, non-interest expenses have increased by 3 percent for the first quarter of 1992 over the same period a year-ago.

Each non-interest expense category has remained reasonably stable excluding the additional expenses associated with the Waco Bank, except other real estate losses and expenses. Such expenses have decreased by $169,000 in the current quarter, net of net other real estate income at the Waco Bank of $73,000. The decrease in the first quarter of 1992 is primarily due to reduced write-downs of other real estate properties, compared to the first quarter of 1991.

Income Taxes

The 1992 first quarter effective tax rate was 34 percent, a decrease from 38 percent in the first quarter of 1991. The effective tax rate for each interim period reflects the expected effective tax rate for the entire year. The effective tax rate may differ from the tax at statutory rates due to pre-acquisition losses utilized, tax-exempt income, state income taxes and the accounting for deferred income taxes under Statement of Financial Accounting Standards No. 96.

Financial Condition

The table on pages 18 and 19 sets forth the Company's consolidated average balance sheets and the related percentage of each caption to total average assets. Average balances are computed using daily balances for the periods presented. Changes in the percentages of the components of total average assets are discussed on page 9 in relation to its effect on net interest income.

Total Assets. Total average assets for the first quarter of 1992 increased significantly to $1,516 million, up $230 million, or 18 percent from the first quarter of 1991 average of $1,286 million. The increase is due to recent acquisitions. The acquisition of the Waco Bank in June, 1991 contributed $261 million to the average total assets for 1992. The acquisition of First Federal in March, 1992 added approximately $18 million to the first quarter 1992 average total assets. Except for the effects of acquisitions, total average assets decreased by $49 million for the quarter.

Loans. Total average loans, net of unearned discount, were $630 million for the current quarter, an increase of $124 million from the first quarter of 1991 average loans of $506 million. The Waco Bank average loans of $167 million accounts for the increase. First Federal average loans acquired were not significant to the quarter. Loans, excluding the Waco Bank acquisition, have decreased $43 million because of a continued lack of quality loan demand, coupled with the Company's strict lending policy.

Investment Securities. Total average investment securities increased by $148 million for the first quarter of 1992 totaling $509 million, compared to $361 million in the first quarter of 1991. The Waco Bank added $60 million to total average investment securities for the period. First Federal average investment securities were not significant to the quarter. The remainder of the increase in average investments of $88 million reflects the Company's shift from lower yielding other earning assets (primarily federal funds sold) to higher yielding investment securities.

Other Earning Assets. Other earning assets averaged $191 million for the first quarter of 1992, compared to $255 million in the first quarter of 1991, a $64 million decrease. In the first quarter 1991, a significant portion of the growth in earning assets was placed in other earning assets (primarily Federal funds sold) due to liquidity and the aforementioned lack of quality loan demand. During March of 1991, the Company began reinvesting a portion of Federal funds sold in investment securities due primarily to lower Federal funds rates and a more balanced investment policy.

Sources of Funds. Average interest bearing deposits increased by $190 million or 24 percent due to added Waco Bank deposits of $194 million. Average non-interest bearing deposits increased by $52 million or 26 percent with the Waco Bank accounting for $44 million of the increase. Additionally, short-term debt, including Federal funds purchased, decreased by $44 million for the quarter due to additional Federal Funds of area banks being handled on an agency basis.

Credit Risk Management

Allowance for Loan Losses. At March 31, 1992 the allowance for loan losses totaled $20,011,000 or 3.10 percent of loans then outstanding compared to $9,219,000 or 1.86 percent at March 31, 1991 and $20,156,000 or 3.09 percent at December 31, 1991. The Waco Bank had an allowance for loan losses of $12,153,000 at the date of acquisition. This addition combined with a current year provision for loan losses approximately equal to the net charge-offs has significantly increased the allowance for loan losses as a percent of loans since March 31, 1991. Management believes the allowance for loan losses is adequate to meet the present and potential credit risk in the current portfolio of loans. The table on page 15 presents an analysis of the allowance for loan losses.

Purchase Discount. In connection with the acquisition of Central National Branch of the First National Bank at Lubbock in March 1990, the excess of the estimated fair value of assets received over liabilities assumed represents a purchase discount of approximately $1,401,000 at March 31, 1992. The purchase discount has been applied to reduce the carrying value of the acquired assets. Since the acquired assets were recorded at their estimated fair value at the date of acquisition, the purchase discount represents an additional amount available to absorb losses, if any, on the disposition of acquired assets.

Net Loan Charge-offs. For the first quarter of 1992, charge-offs, net of recoveries were $556,000 or .35 percent on an annualized basis of average loans, compared to $152,000 or .12 percent on an annualized basis for the first quarter of 1991. In the first quarter of 1992, the Waco Bank had net charge-offs of $590,000 as the Company continued to apply its strict credit review policies to the Waco Bank's loan portfolio. Excluding the Waco Bank's net charge-offs, the Company had net recoveries of $34,000 for the quarter.

Non-Performing Loans and Other Problem Assets. At March 31, 1992, non-performing assets were $33,356,000, compared to $36,399,000 at December 31, 1991, a decrease of $3,043,000 or 8 percent. Non-performing assets represented 5.02 percent of total loans and foreclosed real estate at March 31, 1992 and 5.39 percent at December 31, 1991. Presented on page 15 is a table of the Company's non-performing assets and loans that are 90 days or more past due, but still accruing interest.

Non-Accrual Loans. Non-accrual loans decreased in the first quarter of 1992 by $1,130,000 or 9 percent from the 1991 balance. Approximately $440,000 in charge-offs of non-accrual loans occurred in the current period. Non-accrual loans also decreased by $1,100,000 for the period due to restoring some loans to accruing status and loan paydowns. The loans were restored to accruing status because the borrowers made significant payments, bringing the loans current and improving the collateral position. Additionally, approximately $1,300,000 in loans on non-accrual were foreclosed and placed in other real estate during the period. Partially offsetting these decreases was approximately $1,710,000 added to non-accrual status during the period.

Other Real Estate. At March 31, 1992, other real estate (ORE) acquired through formal or substantive foreclosures totaled $20,191,000 compared to $22,061,000 at December 31, 1991, a decrease of $1,870,000 or 8 percent. The primary reason for the decrease in ORE during the quarter was that approximately $2,000,000 in loans classified as in substance foreclosure (ISF) at December 31, 1991 were reclassified in the first quarter. The loans were removed from ISF status because of improved collateral positions and a continuing history of performance with the terms of the loan agreements.

Past Due Loans. Loans 90 days past due but not on non-accrual status were $1,941,000 at March 31, 1992 compared to $2,443,000 at December 31, 1991. The primary reasons for the reduction is that $350,000 in loans were 90 days past due at December 31, 1991, pending refinancing arrangements. These loan refinancings were completed in the first quarter of 1992.

Liquidity

The Company. An integral part of asset/liability management for a financial institution is the maintenance of adequate liquidity. Liquidity is the ability to meet deposit withdrawals and customers' borrowing needs in a timely manner and satisfy scheduled maturities of short-term borrowings. The Company does not have any material capital expenditure requirements at March 31, 1992. While funds are available to meet short-term liquidity needs from the Federal Reserve Bank and access to national Federal funds markets, the Company's primary source of liquidity is assets which can be immediately converted into cash.

Asset liquidity is provided primarily from cash and due from banks, money market investments and Federal funds sold and resale agreements. The aggregate of these assets averaged $313 million in the first quarter of 1992. Additionally, liquidity may be provided by marketable investment securities, particularly those maturing within one year. While the Company intends to hold its investment securities until maturity, sales prior to maturity could, if necessary, provide an additional source of liquidity. Funds from scheduled repayments and maturities of loans also provide a source of liquidity. The Company has no specific plans to sell loans to meet its liquidity needs at this time, however, such sales could provide an additional source of liquidity.

The liquidity position of the Company is strengthened by the subsidiary banks' stable core deposit base, including time deposits in excess of $100,000. Each subsidiary bank generates and maintains its deposit base within its own region and does not solicit brokered deposits or deposits outside its region. An additional source of liquidity strength is the market FNB-Lubbock has for Federal funds from area financial institutions.

Parent Company. The Parent Company has additional liquidity requirements to service debt in a timely manner, pay ongoing operating expenses and pay dividends on its preferred stock. The Parent Company's principal source of funds is payment of dividends and current tax liabilities from its subsidiary banks. At March 31, 1992, the subsidiary banks could have paid approximately $11,044,000 in dividends to the Company without obtaining prior approval from bank regulatory authorities. Management believes that the amount of dividends received from the subsidiary banks in the foreseeable future will be sufficient to meet the Parent Company's liquidity needs.

The Parent Company's long-term debt presents additional liquidity issues. The long-term Senior Notes restrict the assumption or issuance of additional indebtedness without the noteholders' prior approval and are subject to certain loan covenants. At March 31, 1992, the Company was in compliance with all covenants and the Company does not expect continued compliance with the loan covenants to have an adverse effect on future results of operations.

Capital Resources and Dividends

Capital Resources

A solid capital position in the banking industry generally provides a basis for public confidence in the entity, affords protection to depositors, helps to ensure continued access to capital markets on favorable terms and provides a strong foundation for future growth. Total stockholders' equity reached $88,747,000 at March 31, 1992, an increase of $3,070,000 over December 31, 1991. The increase reflects the retention of earnings, after $445,000 in preferred dividends for the quarter, representing an internal annualized growth rate of 14%.

Banking regulators capital adequacy guidelines include risk-based capital, ratios for two types of capital, Tier 1 (core capital) and Tier 2 (supplemental capital) and a leverage capital ratio. Presented below are the major components of capital and related actual and required minimum capital ratios:

COMPONENTS OF CAPITAL Dollars in thousands	March 31, 1992	December 31, 1991	Required Minimum
Tier 1 capital:			
Common equity	$67,249	$64,179	
Non-redeemable preferred stock	21,498	21,498	
Minority interest in the Waco Bank included in other liabilities	3,317	3,094	
Intangible assets	(10,203)	(10,232)	
Total Tier 1 capital	81,861	78,539	
Total Tier 2 capital:			
Subordinated debentures	5,755	5,755	
Allowance for loan losses, subject to certain limitations	9,024	9,140	
Total Tier 2 capital	14,779	14,895	
Total capital (Tier 1 and Tier 2)	$96,640	$93,434	
Tier 1 capital to risk adjusted assets	11.24%	11.06%	3.63%
Total capital to risk adjusted assets	13.32%	13.16%	7.25%
Tier 1 capital to adjusted total assets	5.09%	5.26%	3.00%

Dividends on Common Stock

The Company has not paid dividends on its common stock since inception and is restricted by Federal Reserve Board guidelines from paying dividends in the future until its debt to equity ratio is 30 percent or less. At March 31, 1992 the Company's debt to equity ratio was 40 percent. The Company currently plans to seek approval to pay a semi-annual common stock dividend beginning in June 30, 1992; however, there is no assurance that such approval will be granted and the amount of such dividends has not been determined.

FORD BANK GROUP, INC.
Consolidated Condensed Statements of Income

In thousands, except per share amounts	1992 First Quarter	1991 Fourth Quarter	1991 Third Quarter	1991 Second Quarter	1991 First Quarter
Interest Income					
Loans including fees	$ 14,366	$ 15,141	$ 15,931	$ 13,671	$13,463
Investment securities	8,976	8,824	8,352	7,901	7,196
Other	1,770	2,064	2,343	2,327	4,218
Total interest income	25,112	26,029	26,626	23,899	24,877
Interest Expense					
Deposits	10,767	12,572	13,628	12,216	12,444
Short-term debt	1,028	1,188	1,300	1,755	2,872
Long-term debt	872	934	889	785	770
Total interest expense	12,667	14,694	15,817	14,756	16,086
Net Interest Income	12,445	11,335	10,809	9,143	8,791
Provision for loan losses	411	278	210	467	492
Net interest income after provision for loan losses	12,034	11,057	10,599	8,676	8,299
Non-Interest Income					
Trust fees	662	810	612	629	644
Service charges on depositor accounts	2,059	1,725	1,685	1,490	1,200
Other service charges, commissions and fees	452	502	502	479	530
Securities gains (losses), net	1	8	(589)	(775)	0
Gain on the disposition of acquired assets, net	1,424	1,357	1,108	936	1,244
Other	206	430	870	1,037	210
Total non-interest income	4,804	4,832	4,188	3,796	3,828
Non-Interest Expense					
Employees' compensation and benefits	5,271	5,225	4,927	4,400	4,113
Furniture and equipment	500	425	510	435	382
Net occupancy	619	95	579	462	463
Taxes, other than on income	90	597	131	123	166
Other real estate losses and expense	383	821	279	287	545
Data processing fees	1,010	1,097	1,031	801	687
Amortization of intangible assets	269	465	238	260	238
Other	3,422	3,456	3,411	2,919	2,574
Total non-interest expense	11,484	12,181	11,106	9,687	9,168
Income Before Income Taxes	5,354	3,708	3,681	2,785	2,959
Income taxes	1,821	1,265	1,010	127	1,123
Net Income	$ 3,533	$ 2,443	$ 2,671	$ 2,658	$ 1,836
Net income applicable to common shares	$ 3,088	$ 2,089	$ 2,342	$ 2,356	$ 1,621
Earnings per common share:					
Primary	$ .99	$ .68	$ .76	$ .75	$ .52
Fully diluted	$ .84	$ .64	$ .72	$ .74	$ .52

FORD BANK GROUP, INC.
Selected Quarterly Comparative Data

Dollars in thousands	1992 First Quarter	1991 Fourth Quarter	1991 Third Quarter	1991 Second Quarter	1991 First Quarter
Analysis of Reserve for Loan Losses					
Balance at Beginning of Period	$ 20,156	$ 21,038	$ 21,048	$ 9,219	$ 8,879
Provision for loan losses	411	278	210	467	492
Other adjustments-Waco Bank Acquisition	—	—	—	12,153	—
Subtotal	20,567	21,316	21,258	21,839	9,371
Loans charged-off	956	1,377	770	979	302
Recoveries of loans previously charged-off	400	217	550	188	150
Net charge-offs	556	1,160	220	791	152
Balance at End of Period	$ 20,011	$ 20,156	$ 21,038	$ 21,048	$ 9,219
Ratios:					
Allowance for loan losses as a percentage of period-end loans	3.10%	3.09%	3.31%	3.25%	1.86%
Net charge-offs as a percentage of average loans (annualized)	0.35%	0.36%	0.14%	0.36%	0.12%
Non-Performing Loans and Other Problem Assets					
End of Period					
Non-accrual loans	$ 12,042	$ 13,172	$ 13,794	$ 13,298	$ 11,211
Restructured loans	1,123	1,186	3,566	3,398	2,847
Other real estate, net	20,191	22,081	22,268	24,454	21,052
Total non-performing assets	$ 33,356	$ 36,399	$ 39,628	$ 41,150	$ 35,110
Ratio of non-performing assets to:					
Total assets	2.06%	2.42%	2.86%	3.02%	2.85%
Total loans and foreclosed real estate	5.02%	5.39%	6.03%	6.13%	6.79%
Loans 90 days past due but not included in non-accrual loans	$ 1,941	$ 2,443	$ 4,237	$ 4,708	$ 1,600

FORD BANK GROUP, INC.
Analysis of Net Interest Income

Dollars in thousands	Three Months Ended March 31, 1992 Average Balance	Interest Income/ Expense	Yield/ Rate	Three Months Ended December 31, 1991 Average Balance	Interest Income/ Expense	Yield/ Rate	Three Months Ended September 30, 1991 Average Balance	Interest Income/ Expense	Yield/ Rate
Earning assets:									
Loans (1)	$ 629,505	$ 14,650	9.18%	$ 630,251	$ 15,231	9.67%	$ 631,215	$16,029	10.16%
Investment securities:									
Taxable	492,653	8,672	7.04	454,552	8,497	7.48	422,573	7,948	7.52
Tax-exempt	16,796	461	10.98	18,501	470	10.16	22,341	633	11.33
Total investment securities	509,449	9,133	7.17	473,053	8,967	7.58	444,914	8,581	7.71
Other earning assets	191,131	1,770	3.70	141,805	2,064	5.8"	144,049	2,343	6.51
Total earning assets	1,330,085	25,353		1,245,109	26,262		1,220,178	26,953	
Average yield			7.62			8 44			8.84
Allowance for loan losses	(19,472)			(20,055)			(20,268)		
Non-earning assets:									
Cash and due from banks	121,997			112,714			100,628		
Other assets	83,633			84,831			86,318		
Total assets	$ 1,516,233			$1,422,599			$1,386,856		
Interest bearing liabilities:									
Deposits	$ 987,409	$ 10,767	4.36	$ 978,503	$12,572	5 14	$ 969,753	$13,628	5.62
Short-term debt	134,801	1,028	3.05	65,669	1,188	7.24	63,214	1,300	8 23
Long-term debt	38,451	872	9.07	42,206	934	8.85	37,433	889	9.50
Total interest-bearing liabilities	1,160,661	12,667	4.37	1,086,378	14,694	5 41	1,070,400	15,817	5.91
Non-interest bearing sources of funds:									
Non-interest bearing deposits	254,342			241,509			226,532		
Other liabilities	14,498			14,681			14,032		
Stockholders' equity	86,732			80,031			75,892		
Total liabilities and stockholders' equity	$ 1,516,233			$1,422,599			$1,386,856		
Net interest spread			3.25			3.03			2.93
Effect of non-interest bearing sources			0.55			0.69			0.72
Net interest income and margin		$ 12,686	3.80%		$11,568	3.72%		$11,136	3.65%
Taxable-equivalent adjustment (34% marginal tax rate)		$ 241			$ 233			$ 327	

(1) Loan fees are included for rate calculation purposes. The amount of such fees, however, is immaterial. Nonaccrual loans have been included in the average balances, thereby reducing yields.

Three Months Ended June 30, 1991			Three Months Ended March 31, 1991		
Average Balance	Interest Income/ Expense	Yield/ Rate	Average Balance	Interest Income/ Expense	Yield/ Rate
$ 534,425	$ 13,753	10.29%	$ 505,915	$13,554	10.72%
391,404	7,450	7.61	337,204	6,772	8.03
25,189	661	10.50	23,902	645	10.79
416,593	8,111	7.79	361,106	7,417	8.22
144,351	2,327	6.45	254,946	4,218	6.62
1,095,369	24,191		1,121,967	25,189	
		8.83			8.98
(12,401)			(8,236)		
85,885			98,979		
78,975			73,044		
$1,247,828			$1,285,754		
$ 835,816	$ 12,216	5.85	$ 796,670	$12,444	6.25
102,156	1,755	6.87	178,900	2,872	6.42
34,030	785	9.23	32,053	790	9.61
972,002	14,756	6.07	1,007,623	16,086	6.39
195,544			202,132		
9,600			8,434		
70,682			67,565		
$1,247,828			$1,285,754		
		2.76			2.59
		0.69			0.66
	$ 9,435	3.45%		$ 9,103	3.25%
	$ 292			$ 312	

FORD BANK GROUP, INC.
Selected Quarterly Comparative Data

Dollars in thousands	1992 First Quarter Amount	1992 First Quarter Percent	1991 Fourth Quarter Amount	1991 Fourth Quarter Percent	1991 Third Quarter Amount	1991 Third Quarter Percent
Average Balance Sheets						
Earning assets:						
Loans	$ 629,505	41.5	$ 630,251	44.3	$ 631,215	45.5
Investment securities:						
Taxable	492,653	32.5	454,552	31.9	422,573	30.5
Tax-exempt	16,796	1.1	18,501	1.3	22,341	1.6
Total investment securities	509,449	33.6	473,053	33.2	444,914	32.1
Other earning assets	191,131	12.6	141,805	10.0	144,049	10.4
Total earning assets	1,330,085	87.7	1,245,109	87.5	1,220,178	88.0
Allowance for loan losses	(19,472)	(1.3)	(20,055)	(1.4)	(20,268)	(1.5)
Non-earning assets:						
Cash and due from banks	121,987	8.1	112,714	7.9	100,628	7.3
Other assets	83,633	5.5	84,831	6.0	86,318	6.2
Total assets	$ 1,516,233	100.0	$ 1,422,599	100.0	$ 1,386,856	100.0
Interest bearing liabilities:						
Deposits	$ 987,409	65.1	$ 978,503	68.8	$ 969,753	69.9
Short-term debt	134,801	8.9	65,669	4.6	63,214	4.6
Long-term debt	38,451	2.5	42,206	3.0	37,433	2.7
Total interest bearing liabilities	1,160,661	76.5	1,086,378	76.4	1,070,400	77.2
Non-interest bearing sources of funds:						
Deposits	254,342	16.8	241,509	17.0	226,532	16.3
Other liabilities	14,498	1.0	14,681	1.0	14,032	1.0
Stockholders' equity	86,732	5.7	80,031	5.6	75,892	5.5
Total liabilities and stockholders' equity	$ 1,516,233	100.0	$ 1,422,599	100.0	$ 1,386,856	100.0

1991			
Second Quarter		First Quarter	
Amount	Percent	Amount	Percent
$ 534,425	42.8	$ 505,915	39.3
391,404	31.4	337,204	26.2
25,189	2.0	23,902	1.9
416,593	33.4	361,106	28.1
144,351	11.6	254,946	19.8
1,095,369	87.8	1,121,967	87.2
(12,401)	(1.0)	(8,236)	(0.6)
85,885	6.9	98,979	7.7
78,975	6.3	73,044	5.7
$ 1,247,828	100.0	$ 1,285,754	100.0
$ 835,816	67.0	$ 796,670	62.0
102,156	8.2	178,900	13.9
34,030	2.7	32,053	2.5
972,002	77.9	1,007,623	78.4
195,544	15.7	202,132	15.7
9,600	0.8	8,434	0.7
70,682	5.6	67,565	5.3
$ 1,247,828	100.0	$ 1,285,754	100.0

FORD BANK GROUP, INC.

OFFICERS

Executive Management

Gerald J. Ford
Chairman of the Board
Chief Executive Officer

Tom C. Nichols
President
Chief Operating Officer

Gary Fletcher
Senior Vice President

Finance

C. David Sharp
Senior Vice President

Charles D. Roberson
Vice President/Controller

Beverly J. Gaines
Assistant Vice President

Deanna R. Wilde
Assistant Vice President

Credit Administration

David Kirk
Senior Vice President

Ronald Simpson
Vice President

Jim Bryan
Vice President

Lawrence Bertsch
Assistant Vice President

Mark Vaughn
Loan Review Officer

Nanette Fletcher
Loan Review Officer

Tom Burress
Loan Review Officer

Shane Salyer
Loan Review Officer

Operations

Dan Messamore
Vice President

Steve Casella
Vice President/Investments

Sharon Brewer
Assistant Vice President

Internal Audit

David Keene
Senior Vice President

Scott Vick
Vice President/Audit Manager

Jeff Greenhill
Audit Officer

BOARD OF DIRECTORS

Gerald J. Ford
Chairman of the Board and
Chief Executive Officer
Ford Bank Group, Inc.

Tom C. Nichols
President and Chief Operating Officer
Ford Bank Group, Inc.
Chairman of the Board,
President & Chief Executive Officer
First National Bank at Lubbock

Paul M. Bass, Jr.
Executive Vice President
First Southwest Company

Bob Bullock
Lieutenant Governor
State of Texas

Berry Cash
Berry Cash Southwest
Partnership (BCSP)
Venture Capital

J.C. Chambers
Insurance

Gary Fletcher
Senior Vice President
Ford Bank Group, Inc.
President
Central National Branch of
First National Bank at Lubbock

Giles M. Forbess
President
Benton Oil Company

J. Owen Gilbreath
President
R.C. Young Grain &
Seed Company

James G. Morris, M.D.
Physician

Robert Nichols
Chairman of the Board
Conley-Lott-Nichols

Leonard M. Riggs, Jr., M.D.
President
EmCare, Inc.

Carl Sewell
President
Sewell Village Cadillac

Bill J. Smith
B.J. Farms, Inc.
Farming and Investments

John M. Tye III
President
The Tye Company
Manufacturing

SUBSIDIARY BANKS

First National Bank of Borger
Borger, Texas
Jack King, President

First National Bank in Canyon
Canyon, Texas
Charles Baughman, President

First National Bank of Central Texas
Waco, Texas
Monte R. Hulse, Chairman of the Board and
Chief Executive Officer
Clyde D. Martin, President

First State Bank, Crane
Crane, Texas
Jamey Collinsworth, President

First National Bank at Lubbock
Lubbock, Texas
Tom C. Nichols, President

First National Bank of Plainview
Plainview, Texas
Kim King, President

First National Bank, Post
Post, Texas
Charles Hardin, President

Yoakum County State Bank
Denver City, Texas
O.L. Cooper, President

GENERAL INFORMATION

Form 10-Q
Stockholders wishing to receive the Form 10-Q Quarterly Report filed with the Securities and Exchange Commission may obtain a copy without charge by writing to the Company at the corporate address.

Transfer Agent
Ford Bank Group, Inc.
1500 Broadway, Suite 301
P.O. Box 5240
Lubbock, Texas 79417-5240

Corporate Address
Ford Bank Group, Inc.
1500 Broadway, Suite 301
P.O. Box 5240
Lubbock, Texas 79417-5240